

## **FISCAL NOTE**

### **HB 678 - SB 1191**

April 3, 2007

**SUMMARY OF BILL:** Establishes inpatient rehabilitation services as a medically necessary benefit of the TennCare program.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$4,356,600**

**Other Fiscal Impact – Increase Federal Expenditures - \$7,643,400**

Assumptions:

- Inpatient rehabilitation services will be increased based on being defined as medically necessary.
- Inpatient rehabilitation services are generally more expensive than other alternatives such as outpatient rehabilitation and nursing home services. The average daily cost in a specialty inpatient rehabilitation setting exceeds \$500 per day.
- In FY06, the cost of inpatient stays that included rehabilitation services in specialty rehab hospitals and acute care settings was \$12,000,000.
- The Bureau of TennCare estimates that it will incur an increase in expenditures of \$12,000,000. Of such amount, \$4,356,600 will be state funds and \$7,643,400 will be federal funds at a 63.695% match rate.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director